



CITY OF PRESCOTT

**Non-Utility
Land Use Assumptions and
Infrastructure Improvements Plan**

DRAFT REPORT / MARCH 25, 2024

March 25, 2024

Mr. Lars Johnson
Deputy Finance Director
City of Prescott
201 S. Cortez Street
Prescott, AZ 86303

Subject: Non-Utility Development Improvement Fee Study
Land Use Assumptions and Infrastructure Improvements Plan

Dear Mr. Johnson,

Raftelis is pleased to provide this 2024 Land Use Assumptions and Infrastructure Improvements Plan (IIP) for Streets, Fire, and Police to the City of Prescott (City).

This report details the development of the City's projected land use assumptions and IIP for the use in developing the City's development impact fees. The fees can be found in a separate report titled 2024 Development Impact Fees for Streets, Police, and Fire. The proposed fees follow the requirements set forth in the Arizona Revised Statute 9-463.05.

We would like to thank you and the entire staff engaged in this project for their assistance. Questions regarding this report and the Study should be directed to Mr. Cristiano at the contact information below.

Sincerely,
RAFTELIS

A handwritten signature in black ink that reads 'Todd Cristiano'.

Todd Cristiano
Vice President
tcristiano@raftelis.com

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Section 1: Executive Summary

Introduction

The City of Prescott (City) retained Raftelis to conduct a comprehensive update its streets, police, and fire development impact fees (DIF). The last study was completed in 2018. This report outlines the service units, and level of service methodologies, the calculation of the land use assumptions (LUA), infrastructure improvement plan (IIP) for the 10-year study period FY 2024 – FY 2024.

Impact Fee Statutory Requirements

Arizona Revised Statutes (ARS) §9-463.05 governs how DIFs are calculated for municipalities in Arizona. The enabling legislation calls for three integrated products:

1. Land Use Assumptions (LUA) for at least 10 years,
2. Infrastructure Improvements Plan (IIP), and
3. DIFs. Because Arizona requires a two-phase adoption process, the LUA and IIP will be reviewed, refined, and approved before focusing on DIFs.

DIFs may be only used for construction, acquisition or expansion of public facilities that are necessary public services. “Necessary public service” means any facilities for streets, police and fire that have a life expectancy of three or more years and that are owned and operated by or on behalf of the municipality:

The IIP and DIF for street, fire and police facilities require demographic data on nonresidential development distinct from the population projections, provided by Carollo, used for water and wastewater DIFs. This document contains additional land use assumptions such as jobs and nonresidential floor area within the City of Prescott, along with service units by residential size thresholds applicable for Prescott’s street, fire and police LUA and IIP.

Infrastructure Improvements Plan

Development fees must be calculated pursuant to an Infrastructure Improvements Plan (IIP). For each necessary public service that is the subject of a development fee, Subsection 9-463.05(E) requires the following.

1. A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.
2. An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.
3. A description of all or the parts of the necessary public services or facility expansions and their costs necessitated by and attributable to development in the service area based on the approved land use assumptions, including a forecast of the costs of infrastructure, improvements, real property, financing, engineering and architectural services, which shall be prepared by qualified professionals licensed in this state, as applicable.

4. A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.
5. The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.
6. The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.
7. A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved land use assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development as required in subsection B, paragraph 12 of this section.

Qualified Professionals

Qualified professionals must prepare the LUA, IIP and DIF, using generally-accepted engineering, planning, and financial practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person’s license, education, or experience.” Raftelis is a financial consulting firm specializing in DIFs, infrastructure funding, user fees, cost of service studies, capital improvement plans, and utility rate studies. Raftelis has approximately 190 professionals located in major urban areas across America. Prescott’s LUA and IIP were prepared by qualified professionals in Denver, CO.

Legal Disclaimer

The City of Prescott retained Raftelis to conduct the DIF study. During the technical review and analysis, Raftelis relied on City data and discussions with City staff to develop the DIFs. In addition, Raftelis used industry-standard resources including data from the US Census Bureau’s American Community Census (ACS), US Census Bureau’s OnTheMap tool, Arizona Office of Economic Opportunity, 2045 Regional Transportation Plan for Central Yavapai Metropolitan Planning Organization (CYMPO), Arizona Department of Transportation (ADOT), and the Institute of Transportation Engineers (ITE) in the development of growth projections, levels of service, and fees.

These fees have been developed in accordance with the Statute. In calculating the fees for the City, the analysis shows that the proposed fees for each service area provide the additional necessary funding needed for the indicated public services and that the fees bear a reasonable relationship to the burden imposed. If a fee-payer believes the development has a non-standard impact on the City, the fee-payer is responsible to provide written documentation to the City describing the anticipated impact and why application of the standard DIF would not bear a reasonable relationship to the burden imposed.

Section 2: Land Use Assumptions

Introduction

The Arizona state enabling legislation requires supporting documentation on LUA, a plan for infrastructure improvements, and DIF calculations. This document contains the land use assumptions for the City’s 2024 DIF update. The LUA and IIP must be updated every five years, making short-range projections the critical time frame. The IIP is limited to ten years, thus a very long-range “build-out” analysis may not be used to derive DIFs in Arizona. ARS §9-463.05(T)(7) defines land use assumptions as:

“Projections of changes in land uses, densities, intensities and population for a specified service area over a period of at least ten years and pursuant to the General Plan of the municipality.”

Raftelis prepared current demographic *estimates* and future development *projections* for both residential and nonresidential development that are used in the IIP and calculation of DIFs. Current conditions in FY 2023 - 2024 (beginning July 1) are used to document levels-of-service provided to existing development in Prescott. Although long-range projections are necessary for planning infrastructure systems, a ten-year timeframe is critical for the LUA and IIP.

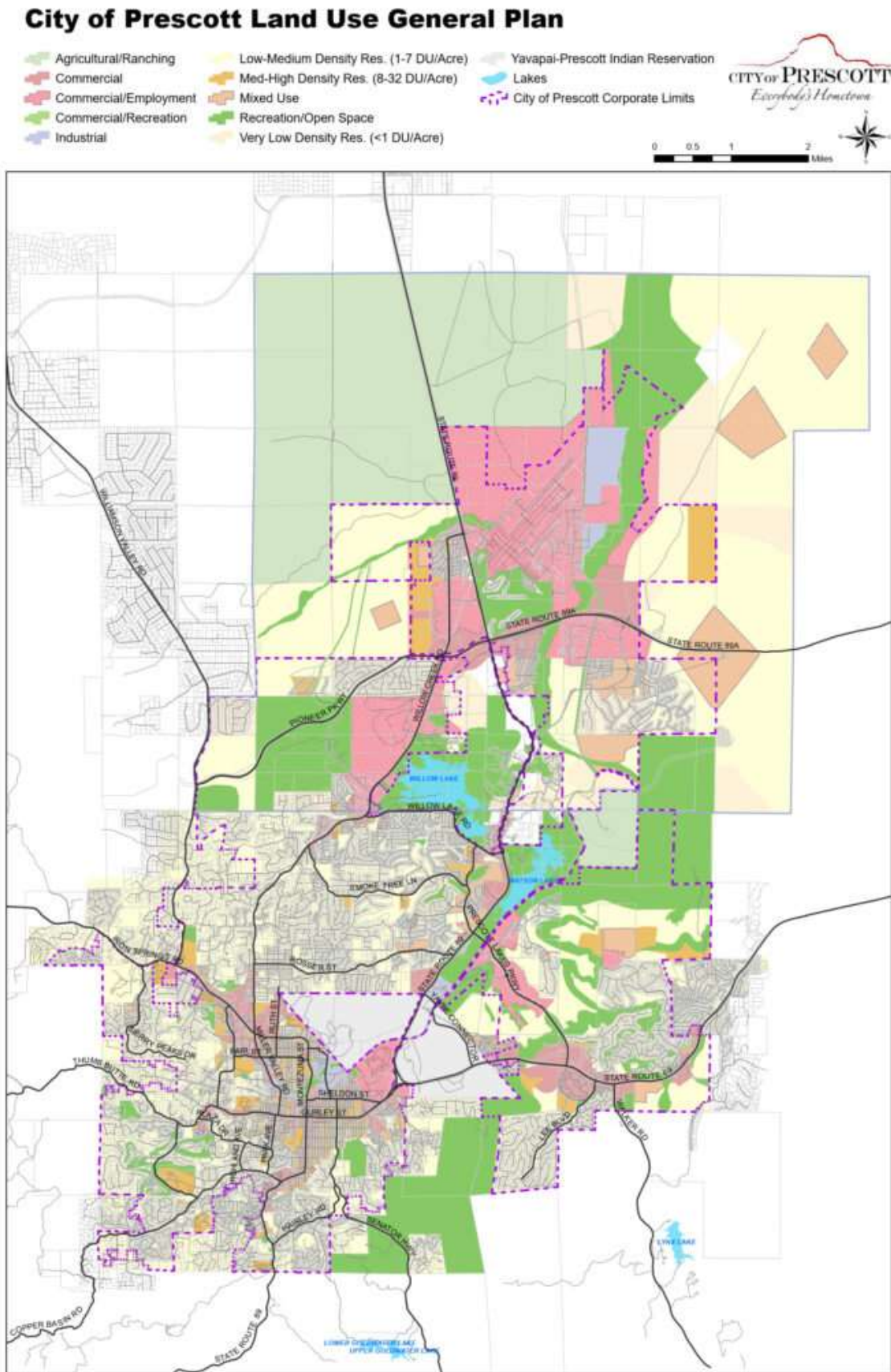
Service Area

ARS §9-463.05(T)(9) defines “service area” as:

“...Any specified area within the boundaries of a municipality in which development will be served by necessary public services or facility expansions and within which a substantial nexus exists between the necessary public services or facility expansions and the development being served as prescribed in the infrastructure improvements plan. “

A city-wide service area is appropriate for the City’s streets, fire and police facilities. Figure 1 indicates land uses, densities, and intensities of development as specified in the General Plan. The service area is defined as all land within the city limits, as modified over time.

Figure 1: Service Area Map



Growth Indicators

Raftelis developed the population and housing unit projections in Figure 2 from a variety of industry standard sources. Raftelis used the ACS 5-year 2022 population data and projected the study population at an annual growth rate of 1.5% based on the growth projections in the 2045 Regional Transportation Plan published by the CYMPO. These projections are similar to the values published by the Arizona Office of Economic Opportunity for the City. These population projections are used in the LUA and IIP for the police, fire, and streets fees. The people per household value of 2.0 is based on the U.S. Census Bureau’s estimated 2018-2022 ratio of population to housing units and is projected to remain constant throughout the study period.

Job data is from the U.S. Census Bureau’s “OnTheMap” database. Jobs are forecasted to increase 1.3% annually based on the forecast from Arizona 10-Year Industry Employment Projections by Arizona Office of Economic Opportunity for Yavapai County. Figure 3 shows the “OnTheMap” data. The distribution of jobs between retail and all other nonresidential is projected to remain constant throughout the study period. Raftelis converted jobs to square feet (sq ft) using jobs per square feet conversion published by the ITE. Retail/Restaurants average 471 square feet per job, and All Other Nonresidential average 307 square feet per job. Based on these assumptions, Prescott has approximately eight million square feet of nonresidential floor space in 2022. Figure 9 shows the job projections by category and square footage for the study period.

Development projections and growth rates for FY 2023 through FY 2034 are summarized in Figure 2. These projections will be used to estimate DIF revenue and to indicate the anticipated need for growth-related infrastructure. It should be noted that if actual development is slower than projected, DIF revenues will also decline, but so will the need for growth-related infrastructure. In contrast, if development is faster than anticipated, the City will receive an increase in DIF revenue and will also accelerate capital improvements to keep pace with development.

Figure 2: Service Area Projections Summary

Land Use Assumptions

| Prescott, AZ | FY 22-23 | FY 23-24 | FY 24-25 | FY 25-26 | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 | FY 30-31 | FY 31-32 | FY 32-33 | FY 33-34 | FY 34- |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------|
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| | - | - | - | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Year-Round Population | 46,054 | 46,745 | 47,446 | 48,158 | 48,880 | 49,613 | 50,357 | 51,113 | 51,879 | 52,658 | 53,448 | 54,249 | 55,063 |
| Annual Growth Rate | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
| Housing Units | 25,016 | 23,372 | 23,723 | 24,079 | 24,440 | 24,807 | 25,179 | 25,556 | 25,940 | 26,329 | 26,724 | 27,125 | 27,531 |
| Persons per Housing Unit | 1.84 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Jobs (by place of work) | | | | | | | | | | | | | |
| Retail & Restaurants | 4,767 | 4,828 | 4,890 | 4,951 | 5,012 | 5,073 | 5,134 | 5,195 | 5,257 | 5,318 | 5,379 | 5,440 | 5,501 |
| All Other Nonresidential | 18,376 | 18,612 | 18,847 | 19,083 | 19,319 | 19,555 | 19,791 | 20,027 | 20,262 | 20,498 | 20,734 | 20,970 | 21,206 |
| Total Prescott Jobs | 23,143 | 23,440 | 23,737 | 24,034 | 24,331 | 24,628 | 24,925 | 25,222 | 25,519 | 25,816 | 26,113 | 26,410 | 26,707 |
| Jobs to Population Ratio | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.49 | 0.49 | 0.49 | 0.49 | 0.49 | 0.49 | 0.49 |
| Jobs to Housing Ratio | 0.93 | 1.00 | 1.00 | 1.00 | 1.00 | 0.99 | 0.99 | 0.99 | 0.98 | 0.98 | 0.98 | 0.97 | 0.97 |
| Nonresidential Floor Area (sq. ft. in thousands) | | | | | | | | | | | | | |
| Retail & Restaurants | 2,240 | 2,270 | 2,300 | 2,330 | 2,360 | 2,390 | 2,420 | 2,450 | 2,470 | 2,500 | 2,530 | 2,560 | 2,590 |
| All Other Nonresidential | 5,640 | 5,720 | 5,790 | 5,860 | 5,930 | 6,010 | 6,080 | 6,150 | 6,220 | 6,300 | 6,370 | 6,440 | 6,510 |
| Total Prescott KSF | 7,880 | 7,990 | 8,090 | 8,190 | 8,290 | 8,400 | 8,500 | 8,600 | 8,690 | 8,800 | 8,900 | 9,000 | 9,100 |
| Avg Sq Ft Per Job | 340 | 341 | 341 | 341 | 341 | 341 | 341 | 341 | 341 | 341 | 341 | 341 | 341 |
| Jobs per KSF | 2.94 | 2.93 | 2.93 | 2.93 | 2.93 | 2.93 | 2.93 | 2.93 | 2.94 | 2.93 | 2.93 | 2.93 | 2.93 |

Jobs in 2021 are from the Work Area Profile shown in Figure 3. Retail & Restaurant includes retail trade and accommodation/food services. All Other Nonresidential includes all other industry sectors (note: NAICS means North American Industry Classification System, as used by the federal government).

Figure 3: Work Area Profile

| Job Counts by NAICS Industry Sector | | |
|--|--------|--------|
| | 2021 | |
| | Count | Share |
| Total All Jobs | 22,846 | 100.0% |
| <input type="checkbox"/> <u>Agriculture, Forestry, Fishing and Hunting</u> | 1 | 0.0% |
| <input type="checkbox"/> <u>Mining, Quarrying, and Oil and Gas Extraction</u> | 7 | 0.0% |
| <input type="checkbox"/> <u>Utilities</u> | 115 | 0.5% |
| <input type="checkbox"/> <u>Construction</u> | 1,803 | 7.9% |
| <input type="checkbox"/> <u>Manufacturing</u> | 1,636 | 7.2% |
| <input type="checkbox"/> <u>Wholesale Trade</u> | 589 | 2.6% |
| <input type="checkbox"/> <u>Retail Trade</u> | 2,725 | 11.9% |
| <input type="checkbox"/> <u>Transportation and Warehousing</u> | 118 | 0.5% |
| <input type="checkbox"/> <u>Information</u> | 286 | 1.3% |
| <input type="checkbox"/> <u>Finance and Insurance</u> | 361 | 1.6% |
| <input type="checkbox"/> <u>Real Estate and Rental and Leasing</u> | 420 | 1.8% |
| <input type="checkbox"/> <u>Professional, Scientific, and Technical Services</u> | 1,020 | 4.5% |
| <input type="checkbox"/> <u>Management of Companies and Enterprises</u> | 171 | 0.7% |
| <input type="checkbox"/> <u>Administration & Support, Waste Management and Remediation</u> | 612 | 2.7% |
| <input type="checkbox"/> <u>Educational Services</u> | 2,762 | 12.1% |
| <input type="checkbox"/> <u>Health Care and Social Assistance</u> | 4,913 | 21.5% |
| <input type="checkbox"/> <u>Arts, Entertainment, and Recreation</u> | 393 | 1.7% |
| <input type="checkbox"/> <u>Accommodation and Food Services</u> | 1,981 | 8.7% |
| <input type="checkbox"/> <u>Other Services (excluding Public Administration)</u> | 908 | 4.0% |
| <input type="checkbox"/> <u>Public Administration</u> | 2,025 | 8.9% |

Figure 3 (continued): Work Area Profile Analysis

Work Area Profile Analysis

Prescott, AZ

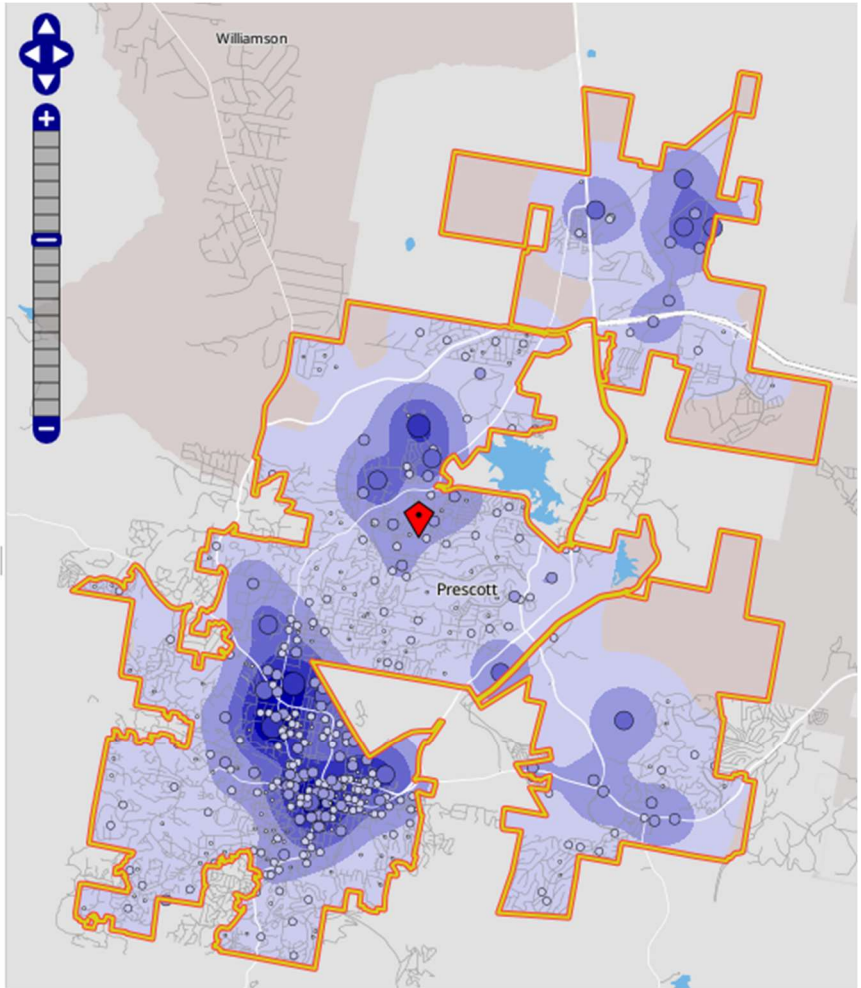
- Display Settings
- Map Controls
- Report/Map Outputs

▼ Legends

- 5 - 319 Jobs/Sq.Mile
- 320 - 1,263 Jobs/Sq.Mile
- 1,264 - 2,837 Jobs/Sq.Mile
- 2,838 - 5,039 Jobs/Sq.Mile
- 5,040 - 7,872 Jobs/Sq.Mile
- 1 - 4 Jobs
- 5 - 55 Jobs
- 56 - 278 Jobs
- 279 - 877 Jobs
- 878 - 2,142 Jobs
- Work Area

▼ Analysis Settings

| | |
|--------------------------|--|
| Analysis Type | Area Profile |
| Selection area as | Work |
| Year(s) | 2021 |
| Job Type | All Jobs |
| Labor Market Segment | All Workers |
| Selection Area | Prescott city, AZ from Places (Cities, CDPs, etc.) |
| Selected Census Blocks | 917 |
| Analysis Generation Date | 02/22/2024 15:15 - OnTheMap 6.23.4 |
| Code Revision | b83319a02a70b14bc14ccfe9d9a4e81022acdb73 |
| LODES Data Vintage | 20231016_1512 |



The City expects to increase by an average of 381 housing units per year (linear average annual growth rate of 1.5%) over the next 10 years. From 2024 to 2034, Prescott expects to add an average of 101,000 square feet of nonresidential floor area per year (linear growth rate of 1.2% per year). Figure 4 shows the projected annual increases for the past five years.

Figure 4: Projected Annual Growth Increases

| Annual Increase | 24 to 25 | 25 to 26 | 26 to 27 | 27 to 28 | 28 to 29 | 2024 to 2034 |
|------------------------------|----------|----------|----------|----------|----------|--------------|
| | | | | | | Avg Anl |
| Year-Round Population | 712 | 722 | 733 | 744 | 755 | 762 |
| Housing Units | 356 | 361 | 367 | 372 | 378 | 381 |
| Jobs | 297 | 297 | 297 | 297 | 297 | 297 |
| Retail/Restaurant KSF | 30 | 30 | 30 | 30 | 30 | 29 |
| All Other Nonresidential KSF | 70 | 70 | 80 | 70 | 70 | 72 |
| Total Nonres KSF/Yr => | 100 | 100 | 110 | 100 | 100 | 101 |

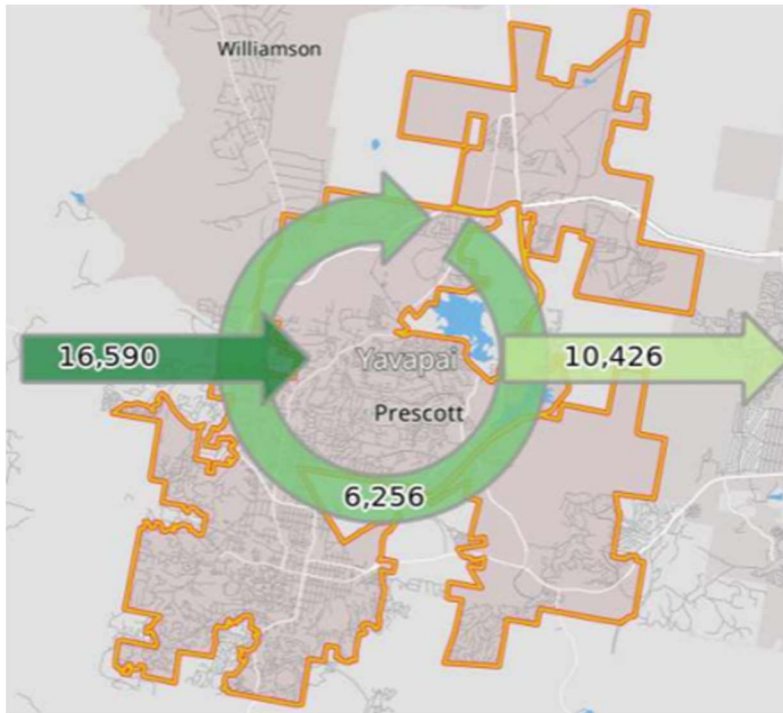
Proportionate Share Analysis

ARS §9.463.05.B.3 requires DIFs to be proportionate to the cost of necessary public facilities, based on service units, as needed to provide service to development. As stated in ARS §9.463.05.E.4 (quoted below), DIFs must be proportionate to various types of land uses.

“A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.”

Raftelis recommends using functional population to allocate capital costs of public safety facilities to residential and nonresidential development. Functional population is preferred to calls-for-service due to the volatility in the distribution of calls on an annual basis between residential and non-residential land types. Figure 5 shows the number of commuters coming into the City for work, the number of residents that stay in town for work, and the number of people that leave the City for work. Since there is a significant net gain of inflow commuters on a typical weekday, the City is considered an employment center. In 2021, the U.S. Census Bureau’s commuting data indicates 6,256 persons lived and worked in Prescott, 10,426 outflow commuters went to work outside the city and 16,590 inflow commuters travel to jobs within Prescott. Functional population is like the U.S. Census Bureau’s definition of daytime population (based on people living and working in a jurisdiction), with the addition of weighting factors (i.e. demand hours per day) to account for time spent at residential and nonresidential locations. Residents who don't work are assigned 20 hours per day to residential development and 4 hours per day to nonresidential development (annualized averages for assumed time spent shopping, dining, obtaining personal services, going to school/church, etc.). Residents who work in Prescott are assigned 14 hours to residential development and 10 hours to nonresidential development. Residents who work outside Prescott are assigned 14 hours to residential development. Inflow commuters are assigned 10 hours to nonresidential development. Based on 2021 population and job data for Prescott, the cost allocation for residential development is 70%, while nonresidential development accounts for 30% of the demand for infrastructure. Figure 5 illustrates the functional population shows the calculation of demand between residential population, workers, and non-workers and non-residential jobs.

Figure 5: Functional Population



| | Demand Units in 2021 | Demand Hours/Day | Person Hours |
|--------------------------------|----------------------|-----------------------------------|------------------|
| Residential | | | |
| Population* | 45,063 | | |
| 63% Residents Not Working | 28,381 | 20 | 567,620 |
| 37% Resident Workers** | 16,682 | | |
| 38% Worked in City** | 6,256 | 14 | 87,584 |
| 62% Outflow Commuters** | 10,426 | 14 | 145,964 |
| Residential Subtotal | | | 801,168 |
| | | Residential Share => | 70% |
| Nonresidential | | | |
| Residents Not Working | 28,381 | 4 | 113,524 |
| Jobs in Prescott** | 22,846 | | |
| 27% Prescott Workers** | 6,256 | 10 | 62,560 |
| 73% Inflow Commuters | 16,590 | 10 | 165,900 |
| Nonresidential Subtotal | | | 341,984 |
| | | Nonresidential Share => | 30% |
| Total | | | 1,143,152 |

* 2021 U.S. Census Bureau population estimate.

** 2021 Inflow/Outflow Analysis, OnTheMap web application, U.S. Census Bureau data for all jobs.

Service Units by Size of Residential Development

DIFs must be proportionate to the demand for infrastructure. The average number of persons and vehicles available per dwelling unit has a strong and positive correlation to the number of bedrooms per unit. Raftelis developed fees correlated to dwelling size to recognize this relationship. An average fee for all types and sizes

of residential development is not proportionate and this approach makes small units less affordable, while essentially subsidizing larger units.

Custom tabulations of demographic data by bedroom range can be created from individual survey responses provided by the American Community Survey (ACS), in files known as Public Use Microdata Samples (PUMS). PUMS files, for areas of at least 100,000 persons, can be downloaded from the U.S. Census Bureau’s website. In comparison to the national averages provided by the Institute of Transportation Engineers (ITE), the City has fewer person and vehicles available per housing unit. The ITE national average is 3.07 persons per housing unit, compared to the City’s average of only 2.0. In a similar relationship, the ITE national average is 1.43 vehicles available per housing unit, compared to Prescott’s average of only 0.95. A major reason for the lower demographic factors is the significant number of seasonal housing units in the City.

Figure 6 shows the trip generation rates and average persons per housing unit by bedroom range using unweighted PUMS data. Input variables are the three columns highlighted with blue shading (i.e., persons, vehicles available, and housing units). The recommend multipliers (shown in bold font) by bedroom range are for all types of housing units, adjusted to control totals for Prescott. Rather than rely on one methodology, the recommended trip generation rates are an average of trip rates based on persons and vehicles available.

Figure 6: Service Units by Bedroom Range

City of Prescott 2022 Public Use Microdata Sample (PUMS)

| Bedroom Range | Persons (1) | Vehicles Available (1) | Housing Units (1) | Prescott Hsg Mix | Unadjusted Persons/HU | Adjusted Persons/HU (2) | Unadjusted VehAvl/HU | Adjusted VehAvl/HU (2) |
|---------------|-------------|------------------------|-------------------|------------------|-----------------------|-------------------------|----------------------|------------------------|
| 0-1 | 154 | 125 | 86 | 14% | 1.79 | 1.32 | 1.45 | 0.61 |
| 2 | 353 | 273 | 137 | 22% | 2.58 | 1.90 | 1.99 | 0.84 |
| 3 | 759 | 650 | 270 | 44% | 2.81 | 2.07 | 2.41 | 1.02 |
| 4+ | 416 | 334 | 125 | 20% | 3.33 | 2.45 | 2.67 | 1.13 |
| Total | 1,682 | 1,382 | 618 | | 2.72 | 2.00 | 2.24 | 0.95 |

National Averages (ITE 2021)

| ITE Code | AWVTE per Person | AWVTE per Veh Avl | AWVTE per Dwelling | Prescott Hsg Mix |
|----------------|------------------|-------------------|--------------------|------------------|
| 220 Apt (2012) | 3.31 | 5.10 | 6.74 | 32% |
| 210 SFD | 2.65 | 6.36 | 9.43 | 68% |
| Wgtd Avg | 2.86 | 5.95 | 8.56 | |

Recommended AWVTE per Housing Unit

| Bedroom Range | AWVTE per Housing Unit Based on Persons (3) | AWVTE per Housing Unit Based on Veh Avl (4) | AWVTE per Housing Unit (5) |
|---------------|---|---|----------------------------|
| 0-1 | 3.78 | 3.63 | 3.71 |
| 2 | 5.43 | 5.00 | 5.22 |
| 3 | 5.92 | 6.07 | 6.00 |
| 4+ | 7.01 | 6.72 | 6.87 |
| Total | 5.72 | 5.65 | 5.69 |

- (1) American Community Survey, Public Use Microdata Sample for AZ PUMA 500 (2022 One-Year unweighted data).
- (2) Adjusted multipliers are scaled to make the average PUMS values match control totals, based on American Community Survey 2022 5-year data. Vehicles Available in Prescott is from table B25044.
- (3) Adjusted persons per housing unit multiplied by national weighted average trip rate per person.
- (4) Adjusted vehicles available per housing unit multiplied by national weighted average trip rate per vehicle available.
- (5) Average of trip rates based on persons and vehicles available

DIFs based on size of dwelling are generally easier to administer when expressed in square feet of finished living space for all types of housing. Basing fees on square footage rather than the number of bedrooms eliminates the need for criteria to make administrative decisions on whether a room qualifies as a bedroom. To translate dwelling size by number of bedrooms into square feet of living space, Raftelis used the U.S. Census Bureau's 2014 Survey of Construction microdata to obtain average square feet for two, three, and four or more bedrooms. The Census Bureau also publishes summary tables on the size of multifamily housing units constructed in 2014 by census region, which is the source for the average size one-bedroom dwelling. Average dwelling sizes by bedroom range can be adjusted to match current residential development in Prescott.

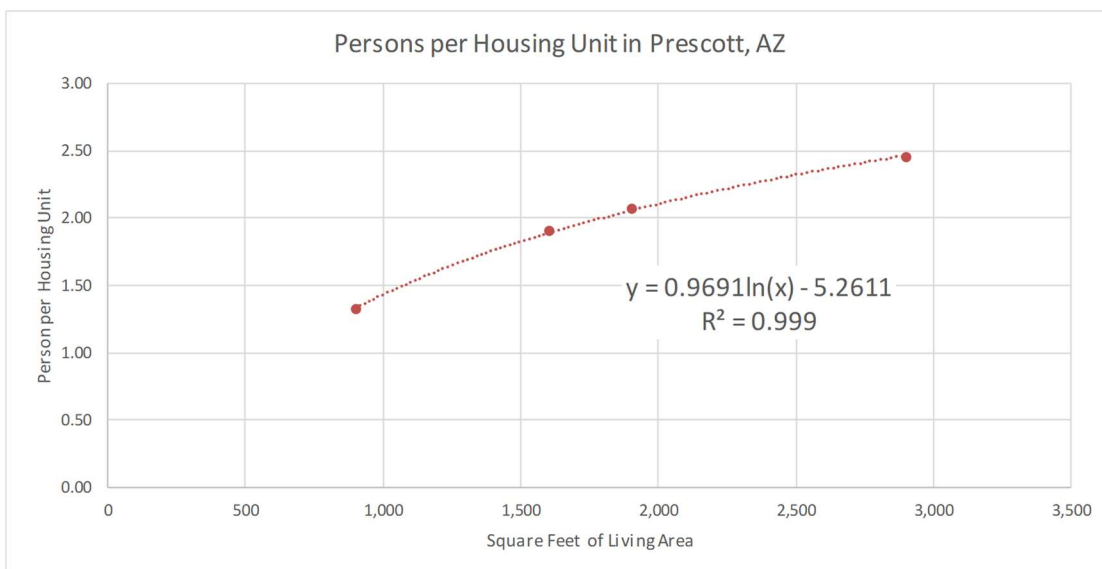
The LUA assumes the average detached house in Prescott contains approximately 2,300 square feet of living space, which is slightly less than the national average of 2,675 square feet. Raftelis recommends that DIFs for residential development be imposed based on finished square feet of living space, excluding garages, patios and porches that are not climate-controlled. Average floor area and number of persons by bedroom range are plotted in Figure 7, with a logarithmic trend line fitted to the City's data. Using the trend line formula shown in the chart, Raftelis derived the estimated average number of persons, by dwelling size, using five size thresholds. Prior to DIF adoption, square feet ranges can be adjusted to match local market criteria based on input from City staff and private sector stakeholders.

Figure 7: Average Persons per Housing Unit by Size Threshold

Persons per Housing Unit

| Survey of Construction Square Feet | Averages per Housing Unit | | | Fitted-Curve Values | |
|---------------------------------------|---------------------------|-----------------|---------|---------------------|---------|
| | Bedrooms | Sq Ft (rounded) | Persons | Sq Ft Range | Persons |
| 1,081 | 0-1 | 900 | 1.32 | 1100 or less | 1.53 |
| 1,809 | 2 | 1,600 | 1.90 | 1101 to 1400 | 1.76 |
| 2,204 | 3 | 1,900 | 2.07 | 1401 to 1900 | 2.06 |
| 3,382 | 4+ | 2,900 | 2.45 | 1901 to 2600 | 2.36 |
| 2,675 | <=Wt Avg=> | 2,300 | | 2601 or more | 2.67 |

Source: Average square feet by bedroom range is from U.S. Census Bureau 2014 Survey of Construction microdata. Average persons per housing unit by bedroom range is based on 2022 ACS PUMS for AZ PUMA 500.



To derive Average Weekday Vehicle Trip Ends (AWVTE) by dwelling size, Raftelis matched trip generation rates and average floor area, by bedroom range, as shown in Figure 8. The logarithmic trend line formula,

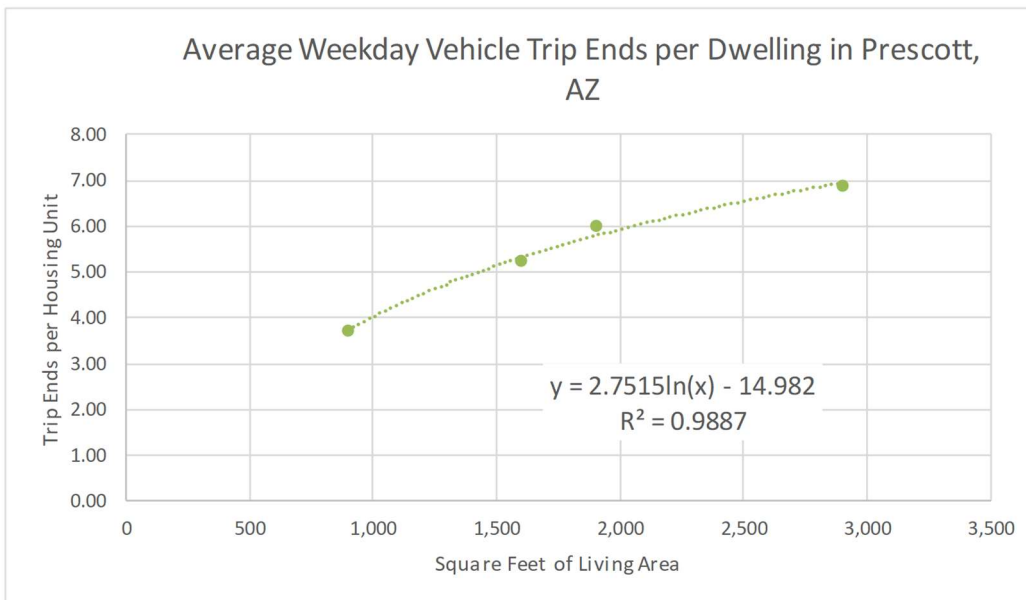
derived from the four averages in Prescott, is used to derive estimated trip ends by dwelling size, across five size thresholds. Prior to DIF adoption, square feet ranges can be adjusted to match local market criteria based on input from City staff and private sector stakeholders.

Figure 8: Average Weekday Vehicle Trips Ends by Size Thresholds

Streets - Average Weekday Vehicle Trip Ends per Housing Unit

Source: Average square feet by bedroom range is from U.S. Census Bureau 2014 Survey of Construction microdata. Average vehicle trip ends per housing unit by bedroom range is based on 2022 ACS PUMS for AZ PUMA 500.

| Averages per Housing Unit | | | Fitted-Curve Values | |
|---------------------------|-------------|-----------|---------------------|-----------|
| Bedrooms | Square Feet | Trip Ends | Sq Ft Range | Trip Ends |
| 0-1 | 900 | 3.71 | 1100 or less | 4.29 |
| 2 | 1,600 | 5.22 | 1101 to 1400 | 4.95 |
| 3 | 1,900 | 6.00 | 1401 to 1900 | 5.79 |
| 4+ | 2,900 | 6.87 | 1901 to 2600 | 6.65 |
| | | | 2601 or more | 7.55 |



Service Units by Type of Nonresidential Development

In addition to data on residential development, the calculation of DIFs requires data on nonresidential development. Raftelis uses the term “jobs” to refer to employment by place of work. In Figure 9, gray shading indicates nonresidential development prototypes that will be used to allocate costs. The prototype for future commercial development (i.e. retail and eating/drinking places) is an average-size Shopping Center (ITE code 820). For all other nonresidential, General Office (ITE 710) is the prototype for future development. Nonresidential development categories represent general groups of land uses that share similar average weekday vehicle trip generation rates and employment densities (i.e., jobs per thousand square feet of floor area).

Figure 9: Nonresidential Trip Rates and Jobs by Type of Development

2021 Employee and Building Area Ratios

| ITE Code | Land Use / Size | Demand Unit | Wkdy Trip Ends Per Dmd Unit* | Wkdy Trip Ends Per Employee* | Emp Per Dmd Unit | Sq Ft Per Emp |
|----------|----------------------------|-------------|------------------------------|------------------------------|------------------|---------------|
| 110 | Light Industrial | 1,000 Sq Ft | 4.87 | 3.10 | 1.57 | 637 |
| 140 | Manufacturing | 1,000 Sq Ft | 4.75 | 2.51 | 1.89 | 528 |
| 150 | Warehousing | 1,000 Sq Ft | 1.71 | 5.05 | 0.34 | 2,953 |
| 520 | Elementary School | 1,000 Sq Ft | 19.52 | 22.50 | 0.87 | 1,153 |
| 525 | High School | 1,000 Sq Ft | 14.07 | 21.95 | 0.64 | 1,560 |
| 610 | Hospital | 1,000 Sq Ft | 10.77 | 3.77 | 2.86 | 350 |
| 620 | Nursing Home | 1,000 Sq Ft | 6.75 | 3.31 | 2.04 | 490 |
| 710 | General Office | 1,000 Sq Ft | 10.84 | 3.33 | 3.26 | 307 |
| 760 | Research & Dev Center | 1,000 Sq Ft | 11.08 | 3.37 | 3.29 | 304 |
| 770 | Business Park | 1,000 Sq Ft | 12.44 | 4.04 | 3.08 | 325 |
| 820 | Shopping Center (avg size) | 1,000 Sq Ft | 37.01 | 17.42 | 2.12 | 471 |
| 857 | Discount Club | 1,000 Sq Ft | 42.46 | 32.21 | 1.32 | 759 |

* Trip Generation, Institute of Transportation Engineers, 11th Edition (2021).

Street Facilities IIP

Introduction

ARS § 9-463.05(T)(7)(e) defines the facilities and assets which can be included in the Street Facilities IIP.

“Street facilities located in the service area, including arterial or collector streets or roads that have been designated on an officially adopted plan of the municipality, traffic signals and rights-of-way and improvements thereon.”

Prescott’s IIP is based on improvements to arterial streets needed to accommodate vehicular travel within the metropolitan area, plus the cost of preparing the Street Facilities IIP and development fees. The streets fee is derived from trip generation rates, trip rate adjustment factors, average trip length weighting factors, and lane capacity. Each component is described below.

The City’s DIFs exclude costs to upgrade, update, improve, expand, correct or replace necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards. The City’s comprehensive CIP will address the cost of these excluded items.

Existing Infrastructure

Lane miles of arterials and improved intersections are used to document existing infrastructure standards in Prescott. A lane mile is a rectangular area that is one travel lane wide and a mile long. Prescott currently has 14 improved intersections, where an arterial street crosses another arterial street. Also, Prescott currently has 104.2 arterial lane miles within city limits.

Forecast of Service Units

Prescott will use average weekday Vehicle Miles of Travel (VMT) as the service units for documenting existing infrastructure standards and allocating the cost of future improvements. Raftelis created an aggregate travel model to convert development units within Prescott to vehicle trips and vehicle miles of travel. The top portion of Figure 10 summarizes the input variables for the travel model. Trip generation rates, expressed as average weekday Vehicle Trip Ends (VTE), are from the Institute of Transportation Engineers (ITE), with the residential rate customized based on demographic data for Prescott (see the Land Use Assumptions for additional information). HU is an abbreviation for housing unit. KSF is an abbreviation for square feet of nonresidential floor area, expressed in thousands. Each input variable is described further below.

All local and collector streets are project-level improvements. The City will continue to require project level improvements, such as turn lanes and signals for ingress/egress, during the development review and approval process. A typical vehicle trip, such as a person leaving their home and traveling to work, generally begins on a local street that connects to a collector street, which connects to an arterial road and eventually to a state or interstate highway. This progression of travel up and down the functional classification chain limits the average trip length determination, for the purpose of development fees, to the following question, *“What is the average vehicle trip length on system improvements (i.e. facilities funded by development fees)?”*

With 104.2 lane miles of arterial streets in Prescott and a lane capacity standard of 7,500 vehicles per lane per day, existing major streets have approximately 781,500 vehicle miles of capacity (i.e. 7,500 vehicles per lane over the entire 104.2 lane miles). To derive the average utilization (i.e., average trip length expressed in

miles) of arterial streets, we divide vehicle miles of capacity by vehicle trips attracted to development in the City. As shown below, development in Prescott currently attracts 135,842 average weekday vehicle trips. Dividing 781,500 vehicle miles of capacity by existing average weekday vehicle trips yields an un-weighted average trip length of approximately 5.75 miles. However, the calibration of average trip length includes the same adjustment factors used in the development fee calculations (i.e. journey-to-work commuting, commercial pass-by adjustment, and average trip length adjustment by type of land use). With these refinements, the weighted-average trip length is 5.97 miles.

Figure 10: Travel Demand Model

| | ITE Code | Dev Type | Weekday VTE | Dev Unit | Trip Adj | Trip Length Wt Factor | VMT per Dev Unit | Service Unit Index |
|--------------------------------|-----------|-------------------|-------------|----------|----------|-----------------------|------------------|--------------------|
| | 210 & 220 | Housing Units | 5.69 | HU | 55.0% | 1.19 | 22.22 | 1.00 |
| | 820 | Retail&Restaurant | 37.01 | KSF | 35.5% | 0.56 | 43.89 | 1.98 |
| | 710 | AllOtherNonres | 10.84 | KSF | 50.0% | 0.82 | 26.51 | 1.19 |
| Avg Trip Length (miles) | 5.97 | | 5.97 | | | | | |
| Capacity Per Lane | 7,500 | | Vehicles | | | | | |
| Year-> | Base | 1 | 2 | 3 | 4 | 5 | 10 | 10-Year Increase |
| Prescott, AZ | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2034 | |
| Housing Units | 23,723 | 24,079 | 24,440 | 24,807 | 25,179 | 25,556 | 27,531 | 3,809 |
| Retail&Restaurant KSF | 2,300 | 2,330 | 2,360 | 2,390 | 2,420 | 2,450 | 2,590 | 290 |
| AllOtherNonresidential KSF | 5,790 | 5,860 | 5,930 | 6,010 | 6,080 | 6,150 | 6,510 | 720 |
| Residential Trips | 74,241 | 75,355 | 76,485 | 77,632 | 78,797 | 79,979 | 86,160 | |
| Retail&Restaurant Trips | 30,219 | 30,613 | 31,007 | 31,401 | 31,795 | 32,189 | 34,029 | |
| AllOtherNonresidential Trips | 31,382 | 31,761 | 32,141 | 32,574 | 32,954 | 33,333 | 35,284 | |
| Total Vehicle Trips | 135,842 | 137,729 | 139,633 | 141,608 | 143,546 | 145,501 | 155,473 | |
| Vehicle Miles of Travel (VMT) | 781,477 | 792,554 | 803,751 | 815,333 | 826,772 | 838,335 | 897,902 | 116,426 |
| CALCULATED LANE MILES | 104.2 | 105.7 | 107.2 | 108.7 | 110.2 | 111.8 | 119.7 | 15.5 |
| Lane Miles per 10,000 VMT | 1.33 | 1.33 | 1.33 | 1.33 | 1.33 | 1.33 | 1.33 | |
| IMPROVED INTERSECTIONS | 14.0 | 14.2 | 14.4 | 14.6 | 14.8 | 15.0 | 16.1 | 2.1 |
| Intersections per 10,000 VMT | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | |
| Res Trips Share of Total Trips | 54.7% | 54.7% | 54.8% | 54.8% | 54.9% | 55.0% | 55.4% | |
| Trips to Nonres Dev | 61,600 | 62,374 | 63,148 | 63,975 | 64,749 | 65,522 | 69,313 | |
| Total Nonres KSF | 8,090 | 8,190 | 8,290 | 8,400 | 8,500 | 8,600 | 9,100 | |
| Trips per KSF | 7.61 | 7.62 | 7.62 | 7.62 | 7.62 | 7.62 | 7.62 | |
| Current Arterial Lane Miles => | 104.2 | TRUE | | | | | | |

Trip Generation Rates

Prescott development fees for streets are derived using average weekday VTE. Trip generation rates are from the reference book Trip Generation published by the Institute of Transportation Engineers (ITE 2021). A VTE represents a vehicle either entering or exiting a development (as if a traffic counter were placed across a driveway). To calculate street fees, trip generation rates require an adjustment factor to avoid double counting each trip at both the origin and destination points. Therefore, the basic trip adjustment factor is 50%. As discussed further below, the fee methodology includes additional adjustments to make the fees proportionate to the infrastructure demand for particular types of development.

Adjustments for Commuting Patterns and Pass-By Trips

Residential development has a larger trip adjustment factor of 55% to account for commuters leaving Prescott for work. In other words, residential development is assigned all inbound trips plus 5% of outbound trips to account for job locations outside of Prescott. This added 5% is a result that trip data is assumed to be within

the service area and the 5% accounts for additional trips outside the service area. According to the National Household Travel Survey weekday work trips are typically 17.1% of production trips (i.e., all out-bound trips). As shown in Figure 11, the Census Bureau’s web application OnTheMap indicates that approximately 62.5% of resident workers traveled outside the jurisdiction for work in 2021. In combination, these factors ($0.171 \times 0.625 \times 0.50 = 0.05$) support the additional 5% allocation of trips to residential development.

Figure 11: Inflow/Outflow Analysis

| Inflow/Outflow Job Counts (All Jobs) | | |
|---|--------|--------|
| 2021 | | |
| | Count | Share |
| Employed in the Selection Area | 22,846 | 100.0% |
| Employed in the Selection Area but Living Outside | 16,590 | 72.6% |
| Employed and Living in the Selection Area | 6,256 | 27.4% |
| Living in the Selection Area | 16,682 | 100.0% |
| Living in the Selection Area but Employed Outside | 10,426 | 62.5% |
| Living and Employed in the Selection Area | 6,256 | 37.5% |
| Reset Highlighting | | |

For commercial development, the trip adjustment factor is less than 50% because retail development attracts vehicles as they pass by on arterial roads. For example, when someone stops at a convenience store on the way home from work, the convenience store is not the primary destination. For an average shopping center, ITE data indicate 29% of the vehicles that enter are passing by on their way to some other primary destination. The remaining 71% of attraction trips have the commercial site as their primary destination. Because attraction trips are half of all trips, the trip adjustment factor is 71% multiplied by 50%, or approximately 35.5% of the trip ends.

Trip Length Weighting Factor by Type of Land Use

The streets fee methodology includes a percentage adjustment, or weighting factor, to account for trip length variation by type of land use. As documented in the National Household Travel Survey, vehicle trips from residential development are approximately 119% of the average trip length. The residential trip length adjustment factor includes data on home-based work trips, social, and recreational purposes. Conversely, shopping trips associated with commercial development are roughly 56% of the average trip length while other nonresidential development typically accounts for trips that are 82% of the average for all trips.

Lane Capacity

According to a technical memorandum on service volumes prepared for Maricopa County Department of Transportation (Jacobs Engineering 2014) principal arterials in urban areas average 7,500 vehicles per lane per day.

Infrastructure Improvements Plan for Streets

Prescott Public Works staff provided the list of improvements and planning-level cost estimates in Figure 12. Recommended improvements are located in areas expected to experience congestion problems. The ten-year

plan for street improvements will benefit citywide development because vehicles flow from larger travel sheds to congestion areas where improvements are needed to eliminate bottlenecks.

As shown in Figure 12, the IIP for Prescott includes improvements at three intersections, including a general signalization program, improvements to SR89, and the construction of maintenance facilities. The total ten-year cost of street facilities is \$41.876 million, with 42% to be funded by future development fees (\$17.733 million). The remaining \$24.143 million will be paid from other City revenues, such as the 1% privilege tax approved by voters for street improvements.

Figure 12: Ten-Year Streets IIP

| <i>Project Description</i> | <i>Additional Lane Miles</i> | <i>Total Cost</i> | <i>Growth within City (Future)</i> | <i>Regional Growth (Future)</i> | <i>R&R</i> | <i>Growth Cost Funded by Prescott Impact Fees</i> | <i>Funded by Other Revenues</i> |
|--|------------------------------|---------------------|------------------------------------|---------------------------------|----------------|---|---------------------------------|
| Intersection Signalization Program | 0.00 | \$3,150,000 | 80% | 20.0% | -% | \$2,520,000 | \$630,000 |
| PLP & Sundog Ranch Road Intersection Improvements | 0.00 | \$40,000 | 20% | 5.0% | 75.0% | \$2,000 | \$38,000 |
| Centralization - SR89 Improvements | 4.00 | \$15,750,000 | 30% | 30.0% | 40.0% | \$2,835,000 | \$12,915,000 |
| Street Maintenance Admin Building | 0.00 | \$1,672,504 | 10% | -% | 90.0% | \$17,000 | \$1,655,504 |
| Arterial Traffic Signal Coordination | 0.00 | \$634,000 | 25% | -% | 75.0% | \$40,000 | \$594,000 |
| Street Maintenance Snow Facility | 0.00 | \$3,350,000 | 10% | -% | 90.0% | \$34,000 | \$3,316,000 |
| Willow Lake Rd Turn Lane Project | 0.00 | \$3,725,613 | 50% | 10.0% | 40.0% | \$1,118,000 | \$2,607,613 |
| Willow Lake Rd & Willow Creek Rd Intersection Improvements | 0.00 | \$1,591,524 | 60% | 15.0% | 25.0% | \$716,000 | \$875,524 |
| Four Points Intersection Improvements | 0.00 | \$1,591,524 | 20% | 5.0% | 75.0% | \$80,000 | \$1,511,524 |
| Granite Creek Crossing Project | 0.60 | \$2,290,830 | 100% | -% | -% | \$2,291,000 | -\$170 |
| Phippen Trail Construction Projects | 1.40 | \$8,080,000 | 100% | -% | -% | \$8,080,000 | \$0 |
| Total | 6.00 | \$41,875,995 | 42% | | | \$17,733,000 | \$24,142,995 |

Public Safety Facilities IIP

Introduction

ARS § 9-463.05(T)(7)(f) defines the fire and police facilities eligible for development fee funding. The City of Prescott will refer to these as “public safety facilities.”

“Fire and Police facilities, including all appurtenances, equipment and vehicles. Fire and Police facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes or a facility that is used for training firefighters or officers from more than one station or substation.”

Fee Calculation Methodology

The City of Prescott used a level of service incremental cost method to derive development impact fees for both police and fire departments. Public safety development fees in Prescott exclude costs to upgrade, update, improve, expand, correct or replace necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards. The City’s comprehensive Capital Improvement Plan (CIP) addresses the cost of these excluded items. Also excluded from the Prescott development fees are public safety vehicles and equipment used to provide administrative services.

Service Area

To hasten response times, public safety responders are typically dispatched from the closest facility, with multiple locations responding if warranted. Prescott has several police buildings and six existing fire stations, with a dispatch system that assigns calls to secondary responders, if needed. Therefore, all developed areas within the City of Prescott are served by an integrated public safety system. Prescott’s service area for public safety development fees includes the entire City limits, as discussed previously in the Land Use Assumption section.

Proportionate Share

ARS § 9-463.05(B)(3) states the development fee shall not exceed a proportionate share of the cost of necessary public services needed to serve new development. In Prescott, public safety (i.e. police and fire) infrastructure standards, projected needs, and development fees are based on both residential and nonresidential development. Raftelis used the functional population allocation, discussed above, to derive the average proportionate share factors of 70% residential, and 30% non-residential.

Current Use and Available Capacity

In Prescott, public safety facilities are fully utilized and there is no surplus capacity for future development. Prescott has determined that police building space will require expansion to accommodate future development. A joint public safety building is planned with other agencies. The City Police Department wants to construct new facilities, evidence storage, and purchase additional vehicles.

Police Facilities

Police development fees in Prescott are based on the same level of service provided to existing development. Figure 13 inventories police buildings in Prescott. Because some buildings used by the Police Department

include other functions, floor areas were reduced to indicate the portion of each building used by Prescott police.

For residential development, Raftelis utilized the growth in population from 2024 to 2034 to document current police infrastructure standards. For nonresidential development, Raftelis used inbound vehicle trips to nonresidential development within Prescott. Figure 13 shows the allocation of police building space to residential and nonresidential development, along with service units for 2024 in Prescott.

For police development fees, Prescott will use \$700 per square foot, which is a cost factor from early construction cost estimates for the new police building. The recommended cost factor includes design, land, and site costs. Based on 2024 service units, the standard in Prescott is 583 square feet of police building per 1,000 residents. For nonresidential development, Prescott’s standard is 192 square feet of police building per 1,000 average weekday vehicle trips to nonresidential development. To maintain the current infrastructure standard over the next ten years, Prescott will need to add approximately 5,925 square feet of police building space, at an estimated cost of \$4.2 million.

Figure 13: Existing Police Buildings, Standards, and Growth Needs

| <i>Police Facilities</i> | <i>Square Feet</i> |
|-----------------------------------|--------------------|
| Police Headquarters | 22,293 |
| Inspectors Officer and Motor Area | 10,271 |
| Property and Evidence Storage | 4,000 |
| Prescott Regional Comm. Center | 2,952 |
| Total | 39,516 |
| Estimated Cost per Sq. Ft | \$700 |

| Police Building Space Needs | |
|---|--------------------|
| Residential Share | 70% |
| Population in 2024 | 47,446 |
| Facility Sq. Ft. per 1,000 People | 583 |
| Nonresidential Share | 30% |
| Vehicle Trips to Nonresidential Development in 2024 | 61,600 |
| Facility Sq. Ft. per 1,000 Inbound Vehicle Trips | 192 |
| Growth Need Over 10 Years (Square Feet) | 5,925 |
| Growth Cost Over 10 years | \$4,150,000 |

Development fees will be used to expand the fleet of police vehicles and purchase additional equipment that has a useful life of at least three years. Figure 15 lists the City’s current police vehicles. SUVs account for most of the line items. After excluding administrative, community service, animal control, traffic enforcement and SWAT vehicles, Prescott current Level of Service is based on a fleet of 70 vehicles. The City Police Department has estimated that a new fully fitted, marked patrol vehicle costs approximately \$100,000.

The current number of police vehicles are allocated to residential and nonresidential development in Prescott. Every 1,000 persons will require Prescott to purchase 1.03 additional police vehicles. Every 1,000 average weekday vehicle trips to nonresidential development will require Prescott to purchase 0.34 additional police vehicles. To maintain the current infrastructure standard over the next ten years, Prescott will need to expand the police fleet by ten vehicles, at an estimated cost of \$1,000,000.

Figure 14: Existing Police Vehicles, Standards and Growth Needs

| Police Vehicles | | Count |
|--------------------|------------------|-----------|
| Row Labels | Count of Vehicle | |
| INVESTIGATIONS | | 17 |
| PATROL | | 53 |
| Grand Total | | 70 |

Source: City of Prescott Police Department

| Allocation Factors and LOS for Police Vehicles | |
|---|--------------------|
| Residential Share | 70% |
| Population in 2024 | 47,446 |
| Vehicles per 1,000 People | 1.03 |
| Nonresidential Share | 30% |
| Vehicle Trips to Nonresidential Development in 2024 | 61,600 |
| Vehicles per 1,000 Inbound Vehicle Trips | 0.34 |
| Police Vehicles Need Over 10 Years | 10 |
| Cost Per Vehicle | \$100,000 |
| Growth Cost Over 10 years | \$1,000,000 |

Police Infrastructure Improvements

Arizona’s development fee enabling legislation requires jurisdictions to convert land use assumptions into service units and the corresponding need for additional infrastructure over the next ten years. As shown in Figure 13, projected population and nonresidential vehicle trips drive the need for police buildings and vehicles. Prescott will need approximately 5,925 additional square feet of police buildings to maintain the existing level of service. The maximum growth-related capital cost for police buildings that can be recovered by development impact fees is approximately \$4,150,000. The projected capital expenditure on additional police vehicles is \$1,000,000 over the next ten years. The number of vehicles may be adjusted when operating costs are considered. Figure 15 shows the 10-year plan for police facilities.

Figure 15: Ten-Year Plan for Police Facilities

| Description | Infrastructure Units | Quantity Requested | Growth Quantity | Growth Share | Cost Factor | Total Cost | Growth Cost (rounded) |
|-------------|----------------------|--------------------|-----------------|--------------|-------------|-------------------------|-----------------------|
| Buildings | Square Feet | 39,643 | 5,925 | 15% | \$700 | \$27,750,000 | \$4,150,000 |
| Vehicles | Count | 3 | 10 | 333% | \$100,000 | \$300,000 | \$1,000,000 |
| | | | | | | Total | \$5,150,000 |
| | | | | | | Impact Fee Fund Balance | \$1,466,000 |
| | | | | | | Net Growth Cost | \$3,684,000 |

Fire Facilities

Fire development fees in Prescott are based on the same level of service provided to existing development. Figure 16 shows the current fire stations and other buildings in Prescott. For residential development, Prescott will use the growth in population from 2024 to 2034 in the City to derive fire infrastructure standards. For nonresidential development, Prescott will use inbound vehicle trips to nonresidential development within Prescott as the service units. Figure 16 also indicates the allocation of fire building space to residential and nonresidential development, along with the growth in service units. The City can justify 0.57 square feet per person and 0.19 square feet per 1,000 inbound vehicle trips for a total of approximately 5,807 square feet of fire building space over the next ten years. Prescott is using a cost factor of \$700 per square foot, based in construction cost estimates for projected station construction over the next 10 years.

Figure 16: Existing Fire Buildings, Standards and Growth Needs

| <i>Fire Stations</i> | <i>Square Feet</i> |
|-----------------------------|--------------------|
| Station 71 | 14,458 |
| Station 72 | 9,335 |
| Station 73 | 3,000 |
| Station 74 | 2,891 |
| Station 75 | 6,510 |
| Fire Butler Building | 2,400 |
| Total | 38,594 |
| Est. Cost per Sq. Ft | \$700 |
| <i>[1] City of Prescott</i> | |

| Fire Building Space Needs | |
|---|--------------------|
| Residential Share | 70% |
| Population in 2024 | 47,446 |
| Sq. Ft. per person | 0.57 |
| Nonresidential Share | 30% |
| Vehicle Trips to Nonresidential Development in 2024 | 61,600 |
| Facility Sq. Ft. per 1,000 Inbound Vehicle Trips | 0.19 |
| Growth Need Over 10 Years (Sq. Ft.) | 5,807 |
| Growth Cost Over 10 years | \$4,065,019 |
| <i>Source: NFIRS Fixed Property 2022-2023.xlsx</i> | |

Development fees will be used to expand the fleet of fire vehicles and purchase additional equipment that has a useful life of at least three years. Figure 17 lists fire vehicles and equipment currently used by the Prescott Fire Department that has an initial purchase price of at least \$25,000. Expensive fire trucks will be used to derive the current level of service standard. In 2024, Prescott has 13 fire trucks, with a total value of approximately \$13.67 million. The cost factor of \$518,000 is the average price of anticipated vehicle replacements over the study period.

Following the same methodology used for fire buildings, the total count of fire vehicles and equipment was allocated to residential and nonresidential development in Prescott. As shown in Figure 18, every 1,000 persons will require Prescott to purchase 0.60 additional fire vehicles. Every 1,000 vehicle trips require 0.20 additional fire vehicles.

Figure 17: Existing Fire Vehicles, Standards and Growth Needs

| Fire Vehicle | Type | Count | New Unit Cost | Total Value |
|--------------------------|------|-------|---------------|--------------|
| Fire Truck | FT | 13 | \$1,052,091 | \$13,677,186 |
| Passenger Vehicle/Sedan | PV | 5 | \$198,750 | \$993,750 |
| Truck | TK | 16 | \$220,818 | \$3,533,090 |
| Small Utility | SM | 5 | \$80,000 | \$400,000 |
| Trailer/Accessory | TR | 2 | \$100,000 | \$200,000 |
| Average Replacement Cost | | | \$517,966 | |

Allocation Factors and LOS for Fire Vehicles

| | |
|---|--------------------|
| Residential Share | 70% |
| Population in 2024 | 47,446 |
| Vehicles per 1,000 people | 0.60 |
| Nonresidential Share | 30% |
| Vehicle Trips to Nonresidential Development in 2024 | 61,600 |
| Facility Sq. Ft. per 1,000 Inbound Vehicle Trips | 0.20 |
| Fire Vehicles Needed Over 10 Years | 6 |
| Cost Per Vehicle [1] | \$517,966 |
| Growth Cost over 10 years | \$3,166,228 |

[1] City of Prescott

Fire Infrastructure Improvements

Fire development fees in Prescott are based on the same level of service that will be provided to existing development. Using impact fee funding over the next ten years, Figure 18 indicates that Prescott can support the construction of 5,807 new square feet of buildings at a cost of \$4.07 million, and purchase 6 new vehicles at a cost of \$3.17 million to maintain existing levels of service.

Figure 18: Ten-Year Plan for Fire Facilities

| Description | Infrastructure Units | Growth Quantity | Growth Share | Cost Factor | Total Cost | Growth Cost (rounded) |
|-------------------------|----------------------|-----------------|--------------|-------------|------------|-----------------------|
| Buildings | Square Feet | 5,807 | 100% | \$700 | 4,065,019 | \$4,065,000 |
| Vehicles | Count | 6 | 100% | \$517,966 | 3,166,228 | 3,166,200 |
| Total | | | | | | \$7,231,200 |
| Impact Fee Fund Balance | | | | | | \$1,469,000 |
| Net Growth Cost | | | | | | \$5,762,200 |

Appendix A – Forecast of Revenues

Arizona’s enabling legislation mandates a “required offset” for “excess” construction contracting excise taxes, as stated in ARS § 9-463.05(B)(12)).

“The municipality shall forecast the contribution to be made in the future in cash or by taxes, fees, assessments or other sources of revenue derived from the property owner towards the capital costs of the necessary public service covered by the development fee and shall include these contributions in determining the extent of the burden imposed by the development. Beginning August 1, 2014, for purposes of calculating the required offset to development fees pursuant to this subsection, if a municipality imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to development for which development fees are assessed, unless the excess portion was already taken into account for such purpose pursuant to this subsection.”

The City does not charge a construction excise tax at a rate higher than the rate applicable for other types of business activities. Therefore, no such offset is required.

ARS § 9-463.05(E)(7) requires:

“A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved land use assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development as required in subsection B, paragraph 12 of this section.”

The required forecast of non-development fee revenue that might be used for growth-related improvements is shown in Figure 19. General Fund revenues are highlighted in light purple and Highway Users (i.e. gas tax revenue) is highlighted in orange. Annual revenue data for the past ten years, obtained from the latest Comprehensive Annual Financial Report (year ending 6/30/23), were compared to annual population and jobs in Prescott. There are three distinct historical revenue trends. First, general property taxes have been increasing year over year since FY18. Second, intergovernmental revenues in FY23 were approximately \$19.62 million, a 49% increase from FY18. Third, sales tax revenue has shown a major increase since FY18 (note: the privilege tax data shown below excludes the additional 0.75% dedicated for PSPRS unfunded liability).

The forecast of revenues was derived using annual growth rates, assuming General Property Taxes, Intergovernmental and Highway Users revenue increase at one percent per year. Privilege Taxes (i.e. sales tax revenue) are assumed to increase at three percent per year. Cumulatively, the revenue projection for general fund revenue is an increase from a total of \$72.50 million in FY24 to \$83.69 million in FY30 (i.e. growth rate of 2.4% per year).

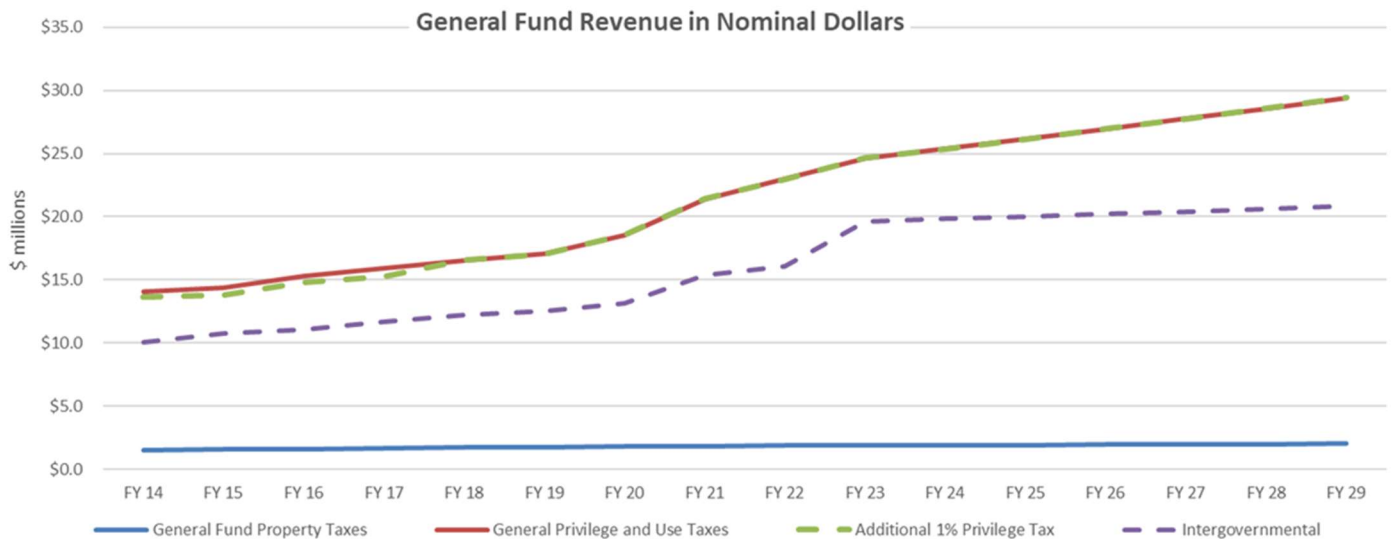
Figure 19: Five-Year Forecast of Revenue Projections

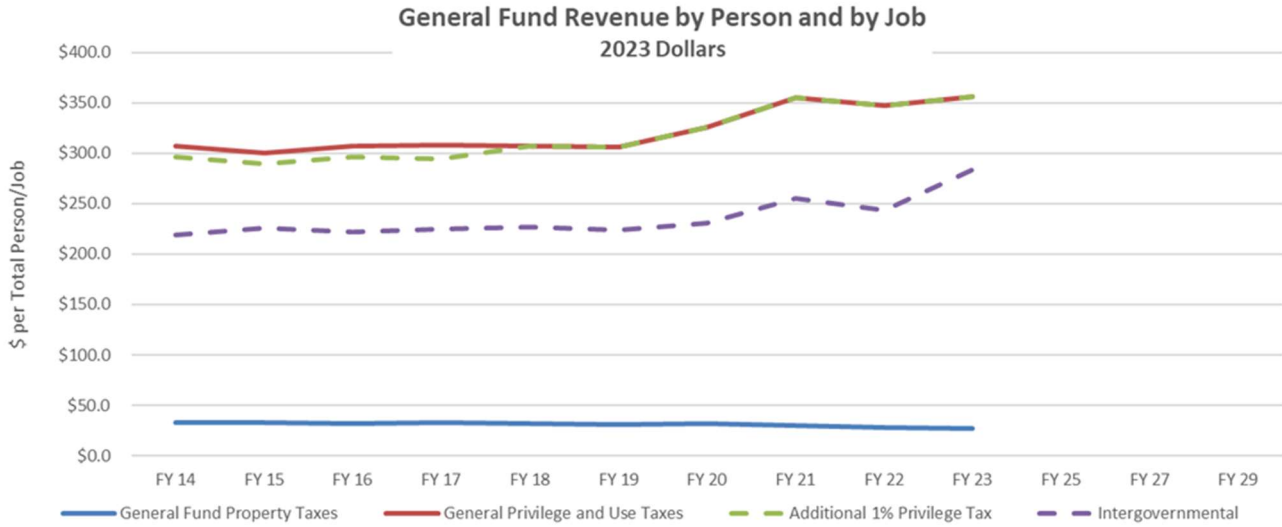
| REVENUE TREND ANALYSIS | FY 16 | FY 18 | FY 20 | FY 22 | FY 24 | FY 26 | FY 28 | FY 30 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Past9 | Past7 | Past5 | Past3 | Past1 | Future1 | Future3 | Future5 |
| Population | 40,700 | 41,468 | 42,785 | 45,063 | 46,745 | 48,158 | 49,613 | 51,113 |
| Jobs | 23,734 | 23,591 | 23,570 | 22,846 | 23,440 | 24,034 | 24,628 | 25,222 |
| Service Units (Population + Jobs) | 64,434 | 65,059 | 66,355 | 67,909 | 70,185 | 72,192 | 74,241 | 76,335 |
| Revenues in Nominal Dollars, \$ millions | | | | | | | | |
| General Fund Property Taxes | \$1.59 | \$1.72 | \$1.79 | \$1.87 | \$1.92 | \$1.96 | \$2.00 | \$2.04 |
| General Privilege and Use Taxes | \$15.31 | \$16.55 | \$18.56 | \$22.97 | \$25.38 | \$26.93 | \$28.57 | \$30.31 |
| Additional 1% Privilege Tax | \$14.79 | \$16.55 | \$18.55 | \$22.97 | \$25.38 | \$26.93 | \$28.57 | \$30.31 |
| Intergovernmental | \$11.07 | \$12.24 | \$13.16 | \$16.10 | \$19.82 | \$20.22 | \$20.62 | \$21.04 |
| Total General Fund Revenues | \$42.76 | \$47.06 | \$52.06 | \$63.91 | \$72.50 | \$76.03 | \$79.76 | \$83.69 |
| Highway Users (gas tax) | \$3.24 | \$3.40 | \$3.70 | \$4.53 | \$4.62 | \$4.71 | \$4.81 | \$4.90 |

Note: even years are hidden from view to enable the table to fit on one page.

The graph at the top of Figure 20 indicates that General Fund revenues are expected to increase over the next five years. The lower portion of Figure 20 adjusts past revenues for inflation and the increase in service units. When nominal dollars are converted to constant 2023 dollars, to account for inflation, and then divided by persons plus jobs in Prescott, to “normalize” the amounts for population and job growth, there is only a moderate increase in total general fund revenues over the next five years.

Figure 20: Graphs of General Fund Revenue





The methodology described above was also applied to Highway Users revenue (i.e., gas tax), with the results graphed in . Prescott’s gas tax revenue has shown a consistent increase over the past ten years, when measured in constant dollars and normalized by the increase in population and jobs. Essentially, Prescott has increasing traffic and a slight increase in dollars for maintenance of existing street facilities.

Figure 21. Prescott’s gas tax revenue has shown a consistent increase over the past ten years, when measured in constant dollars and normalized by the increase in population and jobs. Essentially, Prescott has increasing traffic and a slight increase in dollars for maintenance of existing street facilities.

Figure 21: Graphs of Highway Users Revenue

